



EXHIBIT 5  
DATE 2-5-07  
HB 471

February 5, 2007

TO: Chairman Mendenhall and Members of the House Business & Labor Committee

FROM: Joy Bruck, Volunteer Advocate, AARP Montana

**RE: Support of HB 471, Rent Notification for Elderly and Disabled**

Mr. Chairman and members of the committee my name is Joy Bruck, volunteer advocate for AARP Montana. AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP is committed to promoting housing policies that meet the needs of the aging population.

In December, AARP released a national study on the public perceptions of long-term care. We found that most people age 45 and older either don't know or underestimate the cost of long-term care, with only 8 % able to estimate the monthly cost of a nursing home and only 23% able to estimate the monthly cost of assisted living. In 2006, nine million Americans needed long-term care, and that number may increase to twelve million in 2020. The increased need coupled with the lack of knowledge about the cost of care has harmful consequences.

In Montana, the average annual cost for nursing home care is more than \$4,300 per month, which is roughly twice the annual median household income for those 65 years and older in the state. The estimated national median cost for assisted living is \$2,968 per month, but can be much higher depending on services offered. The typical resident of assisted living is a woman in her mid-80s, who requires assistance with personal care tasks like bathing or dressing in addition to assistance with medications and monitoring one or more chronic health conditions. The difference in demographics and financial burden between people living in a long-term care facility or assisted living and other renters highlights the importance of increased notice.

Residents of these facilities need adequate notice of fee increases so that they have time to evaluate how or whether the changes will affect their lives and finances. If the resident is required to provide 30 days notice to vacate the facility, then 90 days notice of a fee increase seems reasonable. If the resident gets the notice and determines he or she cannot make the payment, then the resident can give the appropriate 30 days notice and vacate. This also gives the resident and their family time to make new and less expensive arrangements.

Residents of long-term care facilities and assisted living already experience very little choice and control in their lives. Most residents are in these arrangements are there because it was what they could afford and maybe not what they actually need.

Please support HB 471, which provides a basic consumer protection to our most vulnerable Montanans.

# The Costs of Long-Term Care: Public Perceptions Versus Reality in 2006

## AARP FACT SHEET

December 2006

### OVERVIEW:

Our findings show that little has changed regarding public perceptions about long-term care services since our original survey in 2001.<sup>1</sup> Americans age 45-plus know less about long-term care than they think they do. They underestimate, or simply do not know, what long-term care costs. They often think long-term care will be covered by public programs when it may not be covered. People may also believe they have long-term care insurance when they probably do not.

Yet, the need for long-term care is expected to increase. An estimated nine million people 65-plus will need long-term care in 2006, and that number may increase to twelve million in 2020.<sup>2</sup> The costs of long-term care are also increasing. Therefore, it is important that Americans become more informed about the costs, funding sources, options, and state and community resources available so they can make informed choices. Here are a few highlights from our new research.

### KEY FINDINGS:

#### Familiarity with long-term care

- Three in five (60%) of Americans age 45-plus say they are at least “somewhat familiar” with long-term care services currently available, including about one in five (21%) who say they are “very familiar” with these services. This finding is virtually unchanged since 2001, and it is still not supported by respondents’ reported knowledge of long-term care costs.

#### Knowledge of costs

- Less than one in ten (8%) correctly estimate the monthly cost of a *nursing home* within +/-20 percent of the national average cost.
- Less than a quarter (23%) correctly estimate the monthly cost of an *assisted living facility* within +/- 20 percent of the correct cost.
- Twenty-three per cent say they don’t know the cost of an *in-home visit from a skilled nurse*. There is no real cost consensus among those who offer an estimate.
- One in five (20%) say they don’t know the cost of an *in-home visit from an aide*. There is no real cost consensus among those who offer an estimate.
- A substantial proportion (21-40%) of people who estimated the cost for the above noted services say their estimate was based on “just a hunch.”
- Almost three in ten respondents age 45-plus (29%) say they purchased long-term care insurance. Although it is difficult to know how many Americans currently have long-term care insurance policies, Johnson and Uccello (2005) estimate that about nine percent of adult’s age 55-plus had private long-

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<sup>1</sup> We define long-term care as care provided on a regular basis for three months or more for age-related or chronic conditions. The Costs of Long-Term Care: Public Perceptions Versus Reality, AARP, December 2001.

<sup>2</sup> U.S. Department of Health & Human Services, Medicare, Long-Term Care Home, (<http://www.medicare.gov/LongTermCare/Static/Home.asp>)

term care insurance coverage in 2002.<sup>3</sup> We found those who think they have long-term care insurance are more likely to say they feel at least “fairly prepared” financially if they suddenly required long-term care. If people mistakenly think they have long-term care insurance when they do not, they may have a false feeling of financial preparedness to handle long-term care costs.

- While the majority of Americans age 45-plus (61%) say they know people close to them who have had or are currently receiving some kind of long-term care, having personal experience with long-term care doesn’t improve a person’s ability to estimate long-term care costs of a nursing home or assisted living facility.

#### Knowledge of Funding Sources

- Most (59%) think Medicare will pay for extended nursing home stay, but it doesn’t. Fifty-two percent incorrectly believe Medicare covers assisted living costs. Another 18% “don’t know.” Even people who have personal experience with long-term care do not appear to understand Medicare’s limitations.
- In California, 40% incorrectly believe Medi-Cal will defray assisted living costs.
- Only 1 in 10 Florida residents can estimate the cost of a visit by a home aide within  $\pm 20\%$  of the average.
- Nearly half of Ohio respondents (45%) incorrectly believe Medigap/Medicare Supplemental Insurance covers assisted living costs.
- More than half of Pennsylvanians (54%) estimated too low when asked about the cost of a nursing home stay.
- About half of South Carolina respondents (48%) incorrectly believe Medicare will pay for assisted living residence care.

#### SURVEY METHODS:

- The results are based on telephone interviews with a nationally representative sample of 1,456 Americans age 45-plus. In addition, 400 people age 45-plus were interviewed at the state level in California, Florida, Ohio, Pennsylvania and South Carolina (margin of error =  $\pm 3\%$  at the national level and  $\pm 5\%$  at the state level with a 95% confidence level). The full report is available at:

[http://www.aarp.org/research/longtermcare/costs/ltc\\_costs\\_2006.html](http://www.aarp.org/research/longtermcare/costs/ltc_costs_2006.html).

#### WHAT AARP IS DOING?

- AARP is using the findings from this survey to educate its members, the public, and policymakers.
- AARP encourages people to think about what they want, and discuss it with their family so they can have a greater chance of living the kind of lifestyle they want in their later years.

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<sup>3</sup> Johnson, Richard W. and Cori E. Uccello, “Is Private Long-term Care Insurance the Answer?”, Issue Brief 29:4 published by the Center for Retirement Research, Boston College, March 2005.

## A Growing Crisis in Health and Long-Term Services and Supports for Midlife and Older Persons with Disabilities: Changes from 2002 to 2005

Adults with disabilities of all ages want to live independently and exercise choice and control over decisions that affect their health and essential daily activities. Few current data on potential barriers to independent living and changes in the lives of older persons with disabilities over time – both positive and negative – are available. This brief presents follow-up data from a subgroup of persons 50 and older with disabilities originally interviewed in 2002 by Harris Interactive for the AARP report, *Beyond 50.03: A Report to the Nation on Independent Living and Disability*. The sample for this report includes 287 U.S. adults ages 52 or older who have a disability (referred to hereafter as “persons with disabilities”) and who participated in both the 2002 and 2005 surveys.<sup>1</sup>

**Almost no good news.** With only one possible exception,<sup>2</sup> no improvement occurred between 2002 and 2005 in any aspect of quality of life about which respondents were queried. Almost all indicators related to quality of life and health and long-term supportive services remained constant or worsened between 2002 and 2005.

**Quality of life is declining.** For example, in 2005, persons with disabilities were more likely than in 2002 to say that they have (1) been prevented from reaching their full abilities due to their disability (69 % in 2005 vs. 60% in 2002; and (2) expect the quality of their lives to get worse over the next four years (70% vs. 55%).

**Concern about the cost of personal assistance services is increasing.** Concerns about being unable to pay for the cost of long-term services and supports doubled between 2002 and 2005 (from 12% to 24%).

**The cost of health care and need for better medical insurance also had become even greater concerns for adults with more severe disabilities,** compared to those with less severe disabilities, than in 2002. In 2005, 44% of persons with severe disabilities postponed health care because it was not affordable, and well over half (61%) said having better medical insurance would cause a major improvement in the quality of their lives.

**Family support remains the bulwark – paid help is uncommon.** Among those who received regular help with everyday activities such as bathing, dressing, and cooking, about 75% continued to receive unpaid help from family members, predominantly spouses or children. Only about 20% received paid services. Preferences for assistance from family and friends with such activities were even stronger in 2005 than in 2002 (57% vs. 47%), while

<sup>1</sup> For full report, see AARP Public Policy Issue Paper #2006-26  
In Brief written by Mary Jo Gibson, December 2006  
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AARP Public Policy Institute, 601 E St NW, Washington, DC 20049

<sup>2</sup> One positive note was that a larger percentage of people with disabilities in 2005 said their disability or health condition has had no effect on their control over when and what they ate than in 2002.

preferences for care provided by agency workers at home declined. Only small proportions preferred care in assisted living (11%) and nursing homes (2%).

**Unmet need for help with basic daily activities persists; cost is an even bigger barrier than in 2002.** Nearly three in ten (29%) respondents reported in both 2005 and 2002 that they needed more help than they were receiving with everyday activities. Even more respondents said the main reason they did not receive enough help was because they could not afford it (74% in 2005 vs. 59%). Half (52%) of those who received regular help in 2005 did not have a choice in who would provide it; which was not asked in 2002. The leading reason was "The help I receive was the only help I could afford."

**Preferences for consumer-directed services continue.** When asked about possible ways in which publicly-funded home-based services could be provided, the respondents' preferred option continued to be having the money go directly to them rather than to an agency. They would then pay for the services and manage the workers themselves. However, more individuals wanted to manage the workers themselves but have an agency pay the workers in 2005 than in 2002 (34% versus 26%).

### **Policy Implications and Conclusions**

More affordable home and community-based services (HCBS) for persons with disabilities is unquestionably a pressing policy need,<sup>3</sup> as is providing more publicly-funded consumer-directed HCBS, which are funded primarily through Medicaid. Our findings also are consonant with growth in consumer-directed programs that use fiscal agents or other means to pay workers and deal with payroll, taxes, and withholding.

A need for more family-centered policies is another clear implication of this report. Results suggest that some families are overwhelmed and are simply unable to arrange for and provide all of the care needed. In particular, it appears that providing more paid, formal services to backup family caregivers could help to reduce unmet need among people with disabilities and help families sustain their caregiving roles.

The lack of adequate health insurance for persons with disabilities again emerged as warranting immediate attention. A large and growing number of persons with severe disabilities said they simply went without needed health care and that better medical insurance would help their lives enormously. Persons ages 50-64 with disabilities who are not eligible for Medicaid or Medicare are particularly vulnerable.

Finally, in a broader policy perspective, these data illustrate the need for major reform both of our nation's health care system and its long-term care policies. Findings in this report signal the growing crisis in health care and long-term services and supports for older persons with disabilities and their families.

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<sup>3</sup> For up-to-date data on the number of persons receiving HCBS by state, and state spending on HCBS, see *Across the States 2006: Profiles of Long-Term Care and Independent Living*, by Ari Houser, Wendy Fox-Grage, and Mary Jo Gibson, AARP Public Policy Institute, December 2006.